United Nations A/53/958

General Assembly

Distr.: General
13 May 1999

Original: English

Fifty-third session
Agenda item 127
Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters

Financing of the United Nations Preventive Deployment Force

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Preventive Deployment Force (UNPREDEP) for the period from 1 July 1997 to 30 June 1998 (A/53/786). The Committee has also considered the report of the Secretary-General in the revised budget of UNPREDEP for the period from 1 July 1998 to 30 June 1999, including the liquidation of the Force during the period from 1 March to 30 June 1999 (A/53/437/Add.1). Moreover, the Committee has considered the report of the Secretary-General on the cost estimates for the remaining three-and-one-half months of the liquidation period of UNPREDEP from 1 July to 15 October 1999 (A/53/812/Add.1). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

Financial performance report for the period from 1 July 1997 to 30 June 1998

2. The General Assembly, by its resolutions 51/154 B of 13 June 1997, appropriated an amount of $46,506,700 gross ($44,969,500 net) for the maintenance of UNPREDEP for the period from 1 July 1997 to 30 June 1998, inclusive of $1,906,700 for the support account for peacekeeping operations. Expenditures for the period totalled $39,611,000 gross ($38,659,100 net), resulting in an unencumbered balance of $6,895,700 gross ($6,310,400 net). The unencumbered balance resulted from lower operational requirements and vacancies in military and civilian personnel staffing, which is justified in part by the expected liquidation of the Force pursuant to Security Council resolution 1142 (1997) of 4 December 1997. Tables 1 and 2 of the performance report (A/53/786) provide a breakdown of the expenditures by budget line and of the vacancy rates by category of personnel.

3. The Advisory Committee commends the Secretariat for the quality of the performance report and additional information provided to the Committee and, in particular, for the attempt that has been made to explain the causes leading to budget variances under many objects of expenditures. In that regard, the Committee notes that underexpenditures under some budget lines resulted from the availability of in-house stock. That explains the need to sharpen knowledge of the inventory at hand before requesting funds for new requisitions.

99-14150 (E) 180599

4. The Committee also welcomes the fact that a number of administrative actions were taken to manage funds more efficiently. For example, savings were realized under premises/accommodation, owing in part to the utilization of surplus stocks of maintenance supplies from closed missions (see A/53/768, annex II, para. 5); savings under transport operations were realized partly as a result of the availability of spare parts from surplus stock and the implementation of cost-savings measures on the use of petrol, including fuel monitoring (ibid., para. 6); and savings under communications resulted in part from strict control over telephone use (ibid., para. 9).

5. The Advisory Committee was informed that the total amount assessed on Member States for UNPREDEP for the period from its inception on 1 January 1996 to 31 December 1998 was $147.7 million, against which the payments received amounted to $126.5 million, leaving an outstanding balance of $21.2 million. The cash position of UNPREDEP as at 31 December 1998 was $51.1 million.

6. The Committee was informed that full reimbursement of troop costs had been made for the period ending 31 May 1998 and that an amount of $6.3 million was owed to troop-contributing countries for the period through 31 December 1998; the amount reimbursed for contingent-owned equipment was $3.0 million and an amount owned for contingent-owned equipment was estimated at $29.0 million, reflecting the total amounts of memoranda of understanding signed with the troop-contributing Governments.

7. The Advisory Committee was informed that unliquidated obligations for the period from 1 July 1997 to 30 June 1998, stated at $14.5 million in the Secretary-General's report, have since been reduced to $6.7 million, as at 12 May 1999. Nevertheless, the Committee expresses concern about the continued high level of unliquidated obligations. The Committee was informed that the unliquidated obligations of $6.7 million related to military personnel costs ($3.7 million), transport operations ($1.8 million), communications ($0.4 million), civilian personnel costs ($0.4 million), air and surface freight ($0.3 million) and other requirements ($0.1 million).

8. The Advisory Committee is of the view that there is a need for the Secretariat to stress the importance of troop-contributing countries submitting their claims to the United Nations in a timely manner. As indicated in the performance report (A/53/786, annex II, para. 12), the United Nations has not yet been informed by one Government as to whether it intends to seek reimbursement for the cost of repatriation of its troops and equipment. Upon inquiry, the Committee was informed that the Government concerned had recently indicated that claims would be submitted for retroactive settlement for the period starting in May 1996. The same Government had not initially claimed reimbursement for welfare but had subsequently sought reimbursement with retroactive effect from 1997. The Committee points out that, unless claims are submitted in a timely manner, delays and uncertainties will continue to introduce an element of inefficiency in United Nations accounting and financial management with respect to the operation of the mission concerned.

9. With regard to savings of $768,100 under supplies and services, the Committee notes from the supplementary information provided to it that savings of $132,400 under medical supplies are the result of a voluntary contribution from one Government. The Committee believes that the contribution should have been disclosed in column three, budget line IX, of annex I to the report.

10. The action to be taken by the General Assembly in connection with the performance report for UNPREDEP is indicated in section IV, paragraph 10, of the report (A/53/786). The Committee recommends that the unencumbered balance of $6,895,700 gross ($6,310,400 net) for the period from 1 July 1997 to 30 June 1998 be credited to Member States in a manner to be decided by the General Assembly.

Revised budget for the period from 1 July 1998 to 30 June 1999

11. The General Assembly, by its resolutions 52/245 of 26 June 1998 appropriated an amount of $21,053,745 gross ($20,580,245 net) for the maintenance of UNPREDEP for the period from 1 July 1998 to 30 June 1999, inclusive of $1,053,745 for the support account for peacekeeping operations. Following the adoption by the Security Council of its resolution 1186 (1998) of 21 July 1998, by which the mandate of UNPREDEP was extended until 28 February 1999, the General Assembly, in its resolution 53/20 of 2 November 1998 decided to appropriate an additional amount of $29 million gross ($28,170,800 net) for the maintenance of the Force for the period from 1 July 1998 to 30 June 1999. The total amount appropriated by the General Assembly for the maintenance of UNPREDEP for the period from 1 July 1998 to 30 June 1999 therefore amounted to $50,053,745 gross ($48,751,045 net). A total of $33,369,163 gross ($32,500,697 net) has been assessed on Member States.

12. In paragraph 34 of his report to the Security Council dated 12 February 1999 (S/1999/161), the Secretary-General

requested the extension of the mandate of UNPREDEP for a period of six months, from 1 March until 31 August 1999. However, the mandate of the Force was not extended. Accordingly, the Secretary-General's report dated 5 May 1999 (A/53/437/Add.1) contains the revised requirements for the period from 1 July 1998 to 30 June 1999, estimated at $43,062,700 gross ($42,004,600 net). Those estimates are $6,991,045 gross ($6,746,445 net) less than the current appropriations.

13. Paragraph 6 of the same report contains a list of liquidation tasks to be performed in the mission area during the period from 1 March to 30 June 1999. The Advisory Committee welcomes the inclusion of that information in the Secretary-General's report.

14. As can be seen from annex I to the report, the largest variances in requirements are as follows:

(a) A decrease of $3.3 million under budget line 1, Military personnel costs;

(b) A decrease of $1.6 million under budget line 2, Civilian personnel costs;

(c) A decrease $1.1 million under budget line 5, Transport operations;

(d) An increase of $1.5 million under budget line 16, Air and surface freight.

15. Annex II.C to the Secretary-General's report (A/53/437/Add.1) contains a supplementary explanation of the revised cost estimates. As indicated in paragraph 3 therein, the revised requirements of $11,639,100 under military contingents, although reflecting a net total decrease of $4.2 million, also include a provision of $900,000 for reimbursement to a Government for rotation and repatriation of its troops for the period from May 1996 to June 1998 and repatriation of its 150 troops pursuant to Security Council resolution 1110 (1997) (see para. 8 above).

16. The Committee notes from paragraph 4 of annex II.C to the same report that revised requirements under contingent-owned equipment and self-sustainment, estimated at $29,034,271 and $6,483,754, respectively, from the inception of UNPREDEP to the end of the mandate on 28 February 1999 are based on agreements with the troop-contributing countries signed in 1998. All troop-contributing countries have opted for the wet-lease arrangements for reimbursement of contingent-owned equipment. According to the Secretary-General, the value of equipment subject to reimbursement for contingent-owned equipment had been estimated at $45.4 million in budgets covering the period from 1 January 1996 to 30 June 1998 based on reimbursement under the old methodology, that is, at 10 per cent per annum of the total value of the contingent-owned equipment. The shortfalls in requirements and the resources provided to date for reimbursement of contingent-owned equipment and self-sustainment amount to $1.2 million and $4.2 million, respectively, as indicated in the table in paragraph 4 of annex II.C to the report. The Advisory Committee recalls in this connection its observations and comments contained in paragraph 19 of its report on the implementation of the reformed procedures for determining reimbursement to Member States for contingent-owned equipment (A/53/944). Moreover, the Committee points to observations and recommendations of the Board of Auditors on contingent-owned equipment in UNPREDEP contained in paragraphs 47 to 67 of its report.[1]

17. The reduced requirements under transport operations reflect that no vehicles or workshop equipment will be procured and the fleet of vehicles will be gradually phased out. The Committee was informed that, when feasible, the United Nations-owned vehicles would be either sold to the highest bidder or transported to the United Nations Logistics Base at Brindisi; the Mission has also started providing its vehicles to other United Nations organizations, agencies and programmes operating in the mission area. The Committee welcomes that approach and, considering the situation in the mission area, recommends that priority be given to selling, when feasible, the redundant vehicles of UNPREDEP to other United Nations organizations, agencies and programmes which provide humanitarian and relief support to refugees and the local civilian population in areas affected by the crisis in Kosovo.

18. The Secretary-General, in paragraph 8 of his report (A/53/437/Add.1), proposes that the General Assembly reduce the appropriation provided under its resolutions 52/245 and 53/20 for the maintenance of UNPREDEP during the period from 1 July 1998 to 30 June 1999 to the amount of $43,062,700 gross ($42,004,600 net), and assess for the same period the amount of $9,693,537 gross ($9,503,903 net) in addition to the amount of $33,369,163 gross ($32,500,697 net) already assessed in accordance with General Assembly resolutions 52/245 and 53/20. The Advisory Committee recommends acceptance of the Secretary-General's proposal.

Cost estimates for the period from 1 July 1999 to 30 June 2000

19. In his report dated 4 May 1999 (A/53/812/Add.1) the Secretary-General revises and supersedes the original proposed budget of UNPREDEP for the period from 1 July 1999 to 30 June 2000 contained in document A/53/812. The

revised requirements amount to $172,600 gross ($155,200 net) and would provide for the remaining three-and-one-half months of the liquidation period of UNPREDEP from 1 July to 15 October 1999.

20. As indicated in paragraph 2 of that report, the liquidation team will consist of two Professional (1 P-5 and 1 P-2) and three General Service staff who will handle the liquidation activities at the United Nations Logistics Base at Brindisi and at Headquarters following the completion of the liquidation tasks in the field. Those activities will include closing of bank accounts, final disposition of UNPREDEP assets, preparation of the final performance report and handover of the field accounts to the Accounts Division at Headquarters, as well as other tasks that may be necessary in connection with the liquidation of the Force. The estimated requirements of $172,600 provide for salaries, common staff costs and staff assessment for the liquidation team.

21. The Secretary-General, in paragraph 3 of the same report, proposes that the General Assembly appropriate $172,600 gross for the remaining three-and-one-half months of the liquidation period of UNPREDEP from 1 July to 15 October 1999. The Advisory Committee recommends acceptance of the Secretary-General's proposal.

Notes

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* (A/53/5), vol. II, paras. 47–67.